

For immediate release: Tuesday, November 27, 2012

For more information: Doug Schinkel, Director, Business Tax Division, 605.773.3311

Use Tax Due on Online Holiday Purchases

(PIERRE, SD) – Holiday shopping has begun and as South Dakotans head to their computers to search for great deals, the South Dakota Department of Revenue reminds them that state and municipal use tax may be due on their purchases.

Business Tax Division Director Doug Schinkel says many consumers don't realize that most Internet retailers are not collecting sales tax on online sales. And when sales tax isn't charged on those purchases, use tax is owed by the purchaser.

"Many people assume they are being charged sales tax by Internet retailers because they are used to paying sales tax on items they buy in a storefront business," Schinkel said. "But in many cases, the Internet retailer isn't charging the tax. If an individual buys something online and isn't charged sales tax on the item, it's up to the purchaser to pay use tax to the state."

South Dakota's use tax rate is 4%, the same as the state's sales tax rate. Municipal tax may also be due based on where the purchaser receives the goods. Schinkel says shoppers can find use tax reporting forms and other information on South Dakota's use tax on the Department of Revenue website at <http://www.state.sd.us/drr2/businessstax/st/usetax.htm>. People having questions on use tax can also call the Department's toll-free helpline at 1-800-829-9188 or contact Revenue's field offices in Aberdeen, Mitchell, Pierre, Rapid City, Sioux Falls, Watertown and Yankton.